

Message Text

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ACTION EUR-12

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L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
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EB-08 FPC-01 INT-05 OMB-01 OES-06 STR-04 TRSE-00
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SUBJECT: SOVIET FIRST QUARTER ECONOMIC PERFORMANCE: GOOD BUT WITH
WEAK SPOTS

REF: (A) MOSCOW 5469, (B) MOSCOW 5052, (C) MOSCOW 228

SUMMARY: COMPARED TO THE FIRST QUARTER OF 1976, SOVIET
INDUSTRIAL OUTPUT GREW BY 5.6 PERCENT - RIGHT ON THE ANNUAL
TARGET - AND LABOR PRODUCTIVITY, BY 4 PERCENT - 0.8 PERCENT
BELOW THE ANNUAL GOAL. ACCORDING TO THE LATEST REPORT FROM
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THE CENTRAL STATISTICAL ADMINISTRATION, FIRST QUARTER 1977
PRODUCTION PLANS WERE OVERFULFILLED - AS USUAL - BY THE
ALL-UNION AND UNION-REPUBLIC INDUSTRIAL MINISTRIES OF THE
USSR AND BY ALL THE REPUBLICS - EVEN THOUGH SOME INDIVIDUAL
MINISTRIES AT THE REPUBLIC LEVEL DID POORLY ENOUGH TO BE
CITED IN THE PRESS (SEE REF A) AND THE ARTICLE ITSELF POINTS
TO SHORTFALLS IN A NUMBER OF ITEMS. END SUMMARY.

1. RESULTS RANGED FROM EXCELLENT TO FAIR IN THE KEY ENERGY AND CHEMICAL BRANCHES OF INDUSTRY. THE PRODUCTION OF 86.6 BILLION CUBIC METERS OF NATURAL GASS REPRESENTED A NINE PERCENT GROWTH, THREE PERCENT OVER EVEN THE PLANNED INCREASE. 132 MILLION TONS OF CRUDE OIL WAS A LESS SPECTACULAR BUT STILL RESPECTABLE INCREASE OF FOUR PERCENT, SLIGHTLY OVER THE PLANNED INCREASE. OUTPUT OF COAL WASUP TWO PERCENT AND THAT OF ELECTRICITY THREE. OUTPUT OF THE CHEMICAL INDUSTRY WAS UP NINE PERCENT (0.7 ABOVE PLAN), WITH SYNTHETIC RESINS AND PLASTICS UP TEN, CHEMICAL FIBERS AND THREADS SEVEN, AND SULPHURIC ACID NINE (BUT BELOW PLAN). PETROLEUM REFINING AND PETROCHEMICAL INDUSTRY OUTPUT WAS UP SIX (TWO OVER PLAN).

2. ON THE OTHER HAND, THE OVERALL FIGURE COVERS WHAT MUST HAVE BEEN A MILDLY DISAPPOINTING PERFORMANCE IN SEVERAL SECTORS. AS THE REPORT'S NARRATIVE ITSELF POINTED OUT, AREAS WHERE THE PLAN WAS NOT FULFILLED INCLUDE (WITH COMPARISON TO FIRST QUARTER 76 SUPPLIED BY US FROM THE REPORT'S TABLES): CAST IRON (-1 PERCENT), STEEL (-0.7), ROLLED FERROUS METALS (-2), SULPHURIC ACID (PLUS 9), SYNTHETIC RESINS AND PLASTICS (PLUS 10), INDUSTRIAL ROUNDWOOD (-2), SELLULOSE (PLUS 1), CEMENT (PLUS 3), TEXTILE (PLUS 2), LEATHER SHOES (PLUS 2), REFRIGERATORS (PLUS 4), AND SEVERAL OTHER TYPES OF PRODUCTS.

3. FOOD PRODUCTION STATISTICS CONTAIN NO SURPRISES. FACT THAT MEAT PRODUCTION IS ONLY FOUR PERCENT BELOW LAST YEAR RESTS LARGELY ON MARCH OUTPUT WHICH, LIMITED OFFICIAL USE

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AT 713 THOUSAND TONS, WAS 70 THOUSAND TONS ABOVE JANUARY AND ALMOST 170 THOUSAND ABOVE FEBRUARY. NEVERTHELESS, FIRST QUARTER 77 WAS STILL ABOUT FOURTEEN PERCENT BELOW 1975 AND SEVEN PERCENT BELOW 1974. BUTTER AND VEGETABLE OIL (BOTH FROM STATE RESOURCES) WERE UP TWENTY AND FOURTEEN PERCENT RESPECTIVELY. BUTTER WAS TWENTY PERCENT ABOVE 1975 AND EIGHT ABOVE 1974, BUT VEGETABLE OIL WAS FIFTEEN PERCENT BELOW 1975 AND SEVENTEEN PERCENT BELOW 1974. WE NOTE THAT CANNED FOOD OUTPUT, WHILE UP SEVEN PERCENT, IS RUNNING AT ONLY 66 PERCENT OF THE 1975 ANNUAL RATE. WHILE NOT SURE OF ITS SIGNIFICANCE, WE WONDER WHETHER THIS INDICATES SOME LACK OF FOOD INPUTS AS A RESULT OF A RELATIVELY LARGER PROPORTION GOING INTO CURRENT CONSUMPTION.

4. BASIS FOR FUTURE GROWTH IS BEING LAID BY A GENERALLY STRONG PERFORMANCE IN MACHINE-BUILDING AND RELEVANT SECTORS. MACHINE-BUILDING FOR THE POWER INDUSTRY WAS UP EIGHT PERCENT, BUT CHEMICALS AND PETROLEUM EIGHT; INSTRUMENT MAKING ELEVEN AND MACHING TOOL AND TOOL BUILDING ALSO ELEVEN. METAL

CUTTING LATHES WERE UP FOUR PERCENT, BUT THOSE WITH
NUMERICAL CONTROLS ONLY TWO. METALLURGICAL EQUIPMENT
SHOWED NO GROWTH AND COAL-WASHING COMBINES WERE DOWN TWELVE
PERCENT. (THE LATTER BODES ILL FOR IMPROVING
LABOR PRODUCTIVITY IN THAT INDUSTRY, WHICH WAS CRITICIZED
BY THE UKRAINIAN PARTY FIRST SECRETARY EARLIER THIS
MONTH; SEE REFS A AND C).
TOON

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